



December 17, 2014

Gerald Porter
President

Forest Institute of Professional Psychology
2885 West Battlefield Road
Springfield, MO 65807-1445

UPS: 1ZA879640295040548

RE: **Final Program Review Determination**
OPE ID: 02164200
PRCN: 201440728708

Dear President Porter:

The U.S. Department of Education's (Department's) School Participation Team – Kansas City issued a program review report on September 2, 2014 covering Forest Institute of Professional Psychology (Forest) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2013-2014 award year. Forest's response was received on September 13, 2014. A copy of the program review report (and related attachments) and the institution's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Forest upon request. The Department has made final determinations based on information obtained during the program review and from documentation already submitted by Forest. This Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

The total liabilities due from the institution from this program review are \$47,084.00.

This final program review determination contains detailed information about the liability determination for all findings.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the September 3, 2014 program review report. If Forest wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date Forest receives this FPRD. An original and four copies of the information Forest submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC

Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION
School Participation Division – Kansas City
1010 Walnut Street, Suite 336, Kansas City, MO 64106
StudentAid.gov

830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

Forest's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to Forest's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Bridget Johnston at 816-268-0417. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)

Ralph LoBosco
Division Director

cc: Andy Tate, Financial Aid Administrator
Missouri Department of Higher Education
North Central Association of Colleges and Schools, the Higher Learning Commission

Prepared for
Forest Institute of Professional Psychology

Federal Student Aid
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OPE ID: 02164200
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Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division-Kansas City

Final Program Review Determination December 17, 2014

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A. Institutional Information

Forest Institute of Professional Psychology
2885 West Battlefield Road
Springfield, MO 65807-1445

Type: Non-Profit

Highest Level of Offering: Doctor's Degree

Accrediting Agency: North Central Association of Colleges and Schools, the Higher Learning Commission

Current Student Enrollment: 255 (2013-2014)

% of Students Receiving Title IV: 84.7%

Title IV Participation (Postsecondary Education Participants System)

	<u>2012-2013</u>
Federal Work Study	\$71,797
Federal Direct Loan (DL)	\$5,417,861

Default Rate FFEL/DL:	2011	2.1%
	2010	9.5%
	2009	1.5%

B: Scope of Review

The U.S. Department of Education (the Department) conducted an off-site program review at Forest Institute of Professional Psychology (Forest) the week of July 28, 2014. The review was conducted by Bridget Johnston.

The focus of the review was the institution's compliance with federal requirements for the period of 7/26/2013 through 7/17/2014, during which Forest lost eligibility to participate in the Title IV, HEA programs. The review consisted of an examination of Forest's disbursement records for the time period indicated. A program review report was issued on September 2, 2014.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Forest's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Forest of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C: Findings and Final Determinations

Findings with Final Determinations

The program review report finding requiring further action is summarized below. At the conclusion of the finding is a summary of Forest's response to the finding, and the Department's final determination for the finding. A copy of the program review report issued on September 3, 2014 is attached as Appendix D.

Note: Any additional costs to the Department, including interest, special allowances, cost of funds, unearned administrative cost allowance, etc., are not included in individual findings, but instead are included in the summary of liabilities table in Section D of the report.

Finding 1: Ownership Change Reported Late

Citation: *A Program Participation Agreement (PPA) conditions the initial and continued participation in of an eligible institution in any Title IV, HEA program upon compliance with the provisions of regulations set forth in 34 C.F.R Part 668, the individual program regulations, and any additional conditions specified in the PPA that the Secretary requires the institution to meet. 34 C.F.R § 668.14(a)*

A private nonprofit, private for-profit, or public institution that undergoes a change in ownership that results in a change in control ceases to qualify as an eligible institution upon the change in ownership and control. A change in ownership that results in a change in control includes any change by which a person who has or thereby acquires an ownership interest in the entity that owns the institution or the parent corporation of that entity, acquires or loses the ability to control the institution. 34 C.F.R § 600.31(a)(1)

If a private nonprofit, private for-profit, or public institution has undergone a change in ownership that results in a change in control, the Secretary may, under the provisions of §600.20(g) and (h), continue the institution's participation in the title IV, HEA programs on a provisional basis, provided that the institution submits, under the provisions of §600.20(g), a materially complete application—

(i) No later than 10 business days after the change occurs. 34 C.F.R § 600.31(a)(2)(i)

Following expiration of a PPA, an institution may no longer participate in any of the student financial assistance programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070 et. Seq. (Title IV, HEA programs).

Noncompliance Summary: Forest failed to notify the Department that it underwent a change in ownership that resulted in a change in control within 10 business days after the event occurred. Based on information located in Forest's financial statements, which were submitted to the Department on 5/2/2014, the institution was acquired by Burrell, Inc. on 7/26/2013. However, Forest failed to submit a materially complete application to notify the Department of the change in ownership until 6/13/2014, 322 days after the change in ownership occurred.

As a result of Forest's failure to notify the Department within the required timeframe, the institution's eligibility to participate in the Title IV, HEA programs was terminated on 7/26/2013, the date the change in ownership was finalized. Forest was notified of this action by the Department in a letter dated 6/9/2014.

Required Action Summary: Forest may be liable for all Title IV, HEA funds disbursed during the ineligible period. The Final Program Review Determination letter will establish actual liabilities. The Department will utilize the Title IV disbursement information submitted by Forest to calculate any liabilities that may be assessed as a result of this report.

Appendix A outlines the total Title IV, HEA funds disbursed by program during the ineligible period from 7/26/2013-7/17/2014, as reported by Forest.

Institution's Response: On 09/15/2014, Forest provided a written response to the program review report that concurred with the factual statements included in the program review report. The response also included a detailed account of the interactions the school had with the Department during the Change in Ownership (CIO) and Reinstatement processes that it requested the Department consider.

Final Determination: The Department's finding of non-compliance is sustained. Forest failed to notify the Department of its CIO in the format required in federal regulations. Forest did submit an email to a staff member at the Department on 02/12/2013 which provided information on a planned CIO and stated that Forest would update the Department once the institution received state and accreditor approval. Forest received approval and the CIO was finalized on 07/26/2013, but a materially complete application was not submitted to the Department until 06/13/2014, well after the required notification timeframe had expired.

As a result of Forest's failure to notify the Department within the required timeframe and format, the institution's eligibility to participate in the Title IV, HEA programs was terminated and Forest is liable for all Title IV, HEA program funds disbursed from 07/26/2013, the date the change in ownership was finalized, until 07/17/2014, the date Forest's reinstatement application was approved. As a result of this determination, Forest

will be required to return \$47,084.00 in Federal Work Study funds disbursed during this period, as reported by Forest.

Forest is also liable for **\$4,774,195.00** in Direct Loan funds that were disbursed during this period. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector default rate available for institutions such as Forest. As a result, the estimated actual loss that Forest must pay to the Department for these ineligible loans is **\$0.0**. A copy of this calculation is included as Appendix B.

D: Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows.

Liabilities	Federal Work Study	ELF DL
Finding 1	\$47,084.00	\$0.0
Subtotal	\$47,084.00	
TOTAL	\$47,084.00	
Payable To: Department	\$47,084.00	

Estimated Actual Loss (EAL):

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on Forest's most recent cohort default rate available.

The total amount of Direct Loan funds (Unsubsidized and Plus) disbursed during the ineligible period is **\$4,774,195.00**. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on Forest's most recent cohort default rate available. As a result, the estimated actual loss that Forest must pay to the Department for the ineligible loans is **\$0.0**. A copy of the results of that calculation is included as Appendix B.

E: Payment Instructions

Terms of Payment

As a result of this final determination, the Department has identified a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. Forest is also responsible for repaying any interest that accrues.

If within 45 days of the date of this letter, Forest has neither made payment in accordance provided with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due to Forest from the Federal Government. **Forest may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, Forest must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

FISAP Corrections

Finding: 1

Appendix: A

Each year a school reports on data from the prior year to request funds for the next year. For example, on its 2013-2014 FISAP a school would submit 2011-2012 data by September 30, 2012. This data is used to determine campus based allocations for the 13-14 award year (awarded in April of 2013). Therefore, if adjustments are required for the 11-12 award year, corrections are made to the 2013-2014 FISAP. Since Forest is required to make adjustments to its 2013-2014 award year, Forest must make corrections to its FISAP for award year 2015-2016. The procedures to make the adjustment is as follows:

- Log into eCB and select the appropriate FISAP year to update (e.g. 2008-2009 expenditures are reported on the 2010-2011 FISAP). Make the necessary changes to each section and save them. The eCB system will save the changes as a Working Copy.
- Click on Submit and choose "Change Request". Provide a brief summary of the changes being made and an explanation in the description box, including that the changes are a result of a program and include the Program Review Control Number (PRCN). Click the Submit button below the Description box.
NOTE: This step of the process is only a request to make these changes to the FISAP data. The changes are not official until the request is approved and they are submitted.
- Once the request is reviewed and approved by the Grants and Campus Based Division, you will be notified to log back into eCB to submit the changes. You must submit the approved changes within 5 days of the notification.
- Changes to the FISAP may result in changes to subsequent FISAPS. Contact the eCB Call Center at (877) 801-7168 for assistance in making this determination.
- If the recalculation of the school's funding results in an unprocessed deobligation (negative balance) because the school has drawn down its full authorization, return those funds via G5 as instructed in the email notification from the Grants and Campus Based Division. If the school has not drawn down its full authorization, the authorization will be reduced.

Forest must submit proof of the FISAP corrections and payment via G5 for any unprocessed deobligation (if applicable) to Bridget Johnston **within 45 days of the date of this letter.**

F: Appendices

Appendix A: Total Title IV, HEA Funds Disbursed by Program for 2013-2014

Federal Work Study (FWS)	\$47,084.00
Direct Unsubsidized Loan	\$4,507,709.00
Direct PLUS Loan	\$266,486.00
TOTAL	\$4,821,279.00

Prepared for

Forest Institute of Professional Psychology

OPE ID: 02164200

PRCN: 201440728708

Prepared by:

U.S. Department of Education

Federal Student Aid

School Participation Division – Kansas City

Program Review Report

September 2, 2014

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This report reflects an initial finding. This finding is not final. The Department will issue its final finding in a subsequent Final Program Review Determination letter.

C. Finding

During the review, one area of noncompliance was noted. The finding of noncompliance is referenced to the applicable statutes and regulations and specifies the actions to be taken by Forest to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Ownership Change Reported Late

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D. Appendix

Appendix A. Total Title IV, HEA Funds Disbursed by Program

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